

**CITY OF MORGAN HILL
JOINT REGULAR CITY COUNCIL AND
REGULAR REDEVELOPMENT AGENCY MEETING
MINUTES – JUNE 6, 2007**

CALL TO ORDER

Mayor/Chairman Tate called the meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Grzan, Lee, Sellers, and Mayor/Chairman Tate

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CERTIFICATES OF APPRECIATION

Mayor Tate indicated that on May 24, 2007, several classrooms from P.A. Walsh and St. Catherine's Schools participated in "Public Works Awareness Day" activities; featuring the Public Works Department. As part of the activities, three fire hydrants were delivered to each school for students to paint in a colorful theme of their choosing. Their completed artistic creations were displayed the day of the event. It was his job to pick a winning entry from each school to be installed as a working hydrant near the schools. As all entries were colorful and artistically done, it was declared that all six were winners. He indicated that three categories were created for each school: most creative, most original and most environmental. He stated that all hydrants have been installed and are fully functional. He presented certificates to the following teachers: Mrs. Smith, Mrs. Beale, and Mrs. Best from P.A. Walsh Elementary School; and Mrs. Hannon, Mrs. Quinn, and Ms. Reed (not present) from St. Catherine's School; recognizing the students from both schools for participating in the Public Works Awareness Day activities.

Mayor Tate recognized Public Works staff member Jay Jaso for all his work in putting this event together.

PROCLAMATIONS

RECOGNITIONS

Mayor Tate presented outgoing Planning Commissioner Ralph Lyle with a plaque; recognizing him for his 14-years of service, and his many years of volunteer hours/contributions to the community prior to being appointed to the Planning Commission; especially his knowledge of the City's growth control ordinance. He said that everything Mr. Lyle has done for the community has been a labor of love because he wants to make this community a better place.

Mr. Lyle thanked the various council members for appointing him to the Planning Commission throughout the years, and to the planning commissioners for working well together at resolving issues for the city, and for their forbearance. He expressed his pleasure in working with City staff as they do a fine job for the City and do not receive a lot of recognition. He thanked the other City boards and commissions, and the volunteers who put a lot of time into the community. He felt that the community is a much better place because of this. He said that the City is blessed with a community of developers that, by in large, go the extra mile and have a real interest in the community; making sure that things go well for the community. He stated that he has greatly enjoyed his experience in working on the various issues, and seeing projects develop to fruition. Although he is no longer on the Commission, it is his hope to continue to be involved on committees/issues as they come up.

Council Member Grzan thanked Commissioner Lyle for his years of service and dedication to the community. He has always found Mr. Lyle to be a man of great reason who took the commissioner's job seriously, and provided great counsel/insight to the commission and the Council. He felt that Mr. Lyle was the model commissioner for the community as he gave much of his time to do good things; truly caring about Morgan Hill and his responsibilities. He did not believe that Mr. Lyle will be gone, as he would return to the City in a different manner/capacity.

The recognition of outgoing Architectural and Site Review Board Member Jerry Pyle was deferred to a future meeting.

CERTIFICATES OF RECOGNITION

Mayor Tate indicated that Police Corporal Bill Norman and Police Reserve Officer Ken DeLuna were recently recognized at the Gilroy's Exchange Club - Blue and Gold Award ceremony for outstanding police work. He presented both officers with a certificate of recognition; acknowledging their public safety service, and their efforts in keeping the community safe.

CITY COUNCIL REPORT

Council Member Lee reported that she has been attending the Chamber of Commerce's Economic Development Committee meetings. She indicated that she receives feedback from some of the business leaders who are members of the Chamber. One of the highlights from the last meeting was receiving a preview of the signage proposed for the downtown area. She stated that the signage was met with a lot of positive feedback, and that everyone is excited about the signage. The Community & Economic Development Committee is moving forward with the proposal from the Business Improvement Organization. She stated that the Organization will be returning to the Council with a proposal in July 2007. In addition, she has been meeting with some of the groups she met during the Fall 2006 election campaign to receive information on how things are going, and to listen to any concerns that may have come up. She recently met with some of the residents at Hacienda Mobile Home Park to find out how things are going. It was indicated that things are going well except that they still have concern about traffic in the area. She said that she will be looking into this concern. She met with Dan Ehrler and Theresa Kiernan about some of her ideas relating to programs that will assist in presenting the Council with feedback on how tourism and shopping are going, and ways to measure these activities. She stated that she received a call from a representative with Senator Abel Maldonado's office regarding the group

home issue. It was her belief they will be meeting with individuals with the Development Disabilities Services (DDS) to address some of the issues raised by the Council and the neighbors. She has not heard back from his office, but that it was her hope that by the next Council meeting, she will have some more information to report.

CITY COUNCIL COMMITTEE REPORTS

Mayor Tate said that in order to prepare an outline for the public safety workshop scheduled for July 20, 2007, the Public Safety & Community Services Committee is requesting that discussion items be submitted to them by next Friday, if at all possible.

CITY MANAGER REPORT

City Manager Tewes reported on Consent Calendar Item 5 – a recommendation that the Council adopt a resolution to amend the resolution that establishes the salaries for city employees. He felt it important to remind the Council and the community that salaries of city employees are subject to three important controls, all of which are adopted by the Council as part of the public record. He said that next week, the Council may be adopting the Fiscal Year 2007-08 budget. He noted that two controls are contained within the budget: 1) the number and allocations of positions (city position approved by the council when the budget is adopted); and 2) the City cannot spend more on salaries than has been budgeted by the Council. When the Council adopts the budget, it establishes limits on what departments can spend on salaries. He said that the third control is similar to what is being amended under agenda item 5. He indicated that the Council establishes the salary ranges for all employees by formal action. The City has employee groups that are represented, and that the City is required, by State law, to negotiate in good faith with these employee groups. The City and the employees reach collective bargaining agreements in the Memorandum of Understanding (MOU). The MOUs establish rules and procedures on how salaries and pay will be afforded to employees covered in these groups. For those employees not governed by labor contracts, the City Council adopts a resolution similar to the one it will be amending under item 5 – establishing the salary ranges. He announced that all labor contracts and salary ranges are available to the community and the public; easily accessible from the City's website.

CITY ATTORNEY REPORT

City Attorney Kern stated that she did not have a report to present this evening.

OTHER REPORTS

PUBLIC COMMENT

Mayor/Chairman Tate opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

City Council and Redevelopment Agency Action

ADOPTION OF AGENDA

Action: *On a motion by Council/Agency Member Sellers and seconded by Mayor Pro Tempore/Vice-chair Carr, the City Council/Agency Board unanimously (5-0) **Adopted** the Agenda, as printed.*

City Council Action

CONSENT CALENDAR:

Council Member Grzan requested that Item 1; and Council Member Lee requested that Items 2 and 5 be removed from the Consent Calendar.

Action: *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Approved** Consent Calendar Items 3, 4, 6 and 7 as follows:*

3. **AMENDMENT TO HOUSEHOLD HAZARDOUS WASTE COLLECTION SERVICES AGREEMENT**

Action: **Authorized** the City Manager to Execute the Amendment to the Agreement with the County; Subject to the Inclusion of Funding in the Adopted Fiscal Year 2007-2008 City Budget and the Review and Approval of the City Attorney.

4. **AMENDMENT TO COUNTYWIDE AB-939 IMPLEMENTATION FEE AGREEMENT**

Action: **Authorized** the City Manager to Execute the Amendment with the County; Subject to Review and Approval by the City Attorney.

6. **AMENDMENT OF COMMUNITY DEVELOPMENT DEPARTMENT CONSULTANT AGREEMENTS**

Action: **Authorized** the City Manager, Subject to Review and Approval by the City Attorney, to Execute the Amendments to Existing Community Development Department Agreements.

7. **ADOPT ORDINANCE NO. 1838, NEW SERIES**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1838, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, AMENDING CHAPTER 1.24 OF TITLE 1; AND AMENDING VARIOUS CHAPTERS [6.08.020, 6.08.030, 6.12.180 THROUGH 6.12.200, 6.24.030, 6.24.035, 6.28.010, 6.28.040, 6.32.080] OF TITLE 6; AND ADDING VARIOUS CHAPTERS [6.28.025, 6.28.035, AND 6.28.070 THROUGH 6.28.140] TO TITLE 6 AND DELETING CHAPTER 6.24.085 OF TITLE 6 OF THE MORGAN HILL MUNICIPAL CODE REGARDING POTENTIALLY DANGEROUS DOGS AND DANGEROUS AND VICIOUS ANIMALS, AS AMENDED.**

1. CITY SPORTS FIELD RESIDENT RATE CRITERIA

Council Member Grzan inquired why the 85% Morgan Hill residency requirement was initially established, and why is it being recommended to be reduced to a 60% residency requirement. He further inquired whether staff has comparison data from other agencies as well as the percentages they use.

City Manager Tewes noted that at an earlier Council meeting, the Council heard a presentation from staff regarding the rules and regulations that are to apply to the new outdoor sports center. He indicated that the 85% residency requirement was recommended based on the review from other communities. The Council also heard from a representative with the Orchard Valley Soccer organization who suggested, and requested that the residency number be lowered. The Council referred the request to the Parks & Recreation Commission. The Commission considered the request, and has forwarded the recommendation before the Council this evening. He said that the 60% residency requirement is not inconsistent with the percentages used by other agencies. He indicated that staff did not use a particular formula to arrive at the 60% recommendation.

Council Member Grzan said that setting an 85 percentage criteria encourages having a good number of Morgan Hill youth involved in sports programs. Should the City settle to the percentage being recommended, he felt the City would not encourage sports groups to recruit Morgan Hill youth. He stated that he would like to see a much higher percentage used as other agencies use a much higher number. Based on his concerns, he would not support the recommendation.

Council Member Sellers noted that the Orchard Valley Soccer organization has a significant presence in the community, and that there are many youth in the community that participate in the soccer program. Should the City keep the 85% residency requirement, the City may end up with sports groups not using Morgan Hill facilities versus having 60% of several Morgan Hill youth participating in sports programs. He noted that the Parks & Recreation Commission, strong advocates for our youth and the community, are recommending a 60% residency requirement.

Action: *Council Member Sellers made a motion, seconded by Mayor Pro Tempore Carr, to Approve the Revision of the Sports Field Resident Rate Criteria from 85 Percent to 60 Percent.*

Mayor Pro Tempore Carr stated that his initial reaction was similar to that of Council Member Grzan. However, after thinking about the practical use of the percentage rather than the theoretical policy, he felt that 85% was too high. He said that in the teams his children have participated in and the teams that he has coached, most of the teams would not qualify under the current percentage. He noted that the Morgan Hill Unified School District is not of the same geographical boundaries of Morgan Hill and that it would result in most of the sports teams not being able to achieve the 85% Morgan Hill residency requirement. He felt that the evaluation conducted by the Parks & Recreation Commission makes sense.

Council Member Grzan suggested that the Council waive, by exception, specific groups and activities to have a lower standard/percentage for a period of time, on a case by case basis; but always encouraging a higher standard/number.

Council Member Sellers recommended that Council Member Grzan's suggestion be referred back to the Parks & Recreation Commission to ask them if they would like to further revise the policy or consider other options; returning to the Council with any other recommendations.

Council Member Lee inquired as to the difference in rates for residents and non residents.

Recreation & Community Services Director Rymer said that the rates are doubled for non resident teams. He said that previous to last July 2006, the City's policy was at the 60% range. When the Parks & Recreation Commission recommended, and the Council approved the rate structure to start charging fees for the use of fields, this was the time the Commission recommended the 85% residency requirement. He informed the Council that the 85% residency requirement started to exclude some of the teams. He clarified that the recommendation before the Council is reverting back to a policy that was in place since 2002.

City Attorney Kern stated that the City wants to be careful in the establishment of a policy where it would be subject to exceptions. She noted that the City would have to establish a criteria for the exceptions; otherwise, it could be viewed as being discriminatory on how the City would decide one group would receive an exception and another would not (e.g., fairness across the board parameters).

Council Member Grzan recommended that there be opportunities for exceptions instead of having rigid policies in place.

Mayor Tate recommended that the Council implement the 60% residency requirement this evening as the City will get experience when the fields are opened. The Council could make adjustments, if needed. It was his belief the Parks & Recreation Commission would be reviewing the residency requirement/fees, and would return to the Council with recommendations; considering the direction Council Member Grzan is suggesting.

Vote: *The motion carried 4-1 with Council Member Grzan voting no.*

2. PURCHASE OF PUBLIC WORKS VEHICLE

Council Member Lee noted that the staff report indicates the City utilized a state bid to purchase the vehicle. She inquired whether staff received any other competitive bids.

Public Works Director Ashcraft indicated that staff does not go through any other comparison on standard vehicles other than the State bid. He stated that staff will go out to bid for speciality vehicles and award the contract on the City's bid or the State bid. He said that with most City vehicles, staff has found that you cannot beat the State bid.

Council Member Lee inquired why a different account number was used for the computer hardware.

Public Works Director Ashcraft responded that the price that staff set aside to purchase the vehicle was not enough to purchase the vehicle (\$43,000+ - including delivery). Staff set \$38,000 aside for the purchase of the vehicle, and that staff needed another \$5,000. He said that staff looked at the wastewater

department's budget and found that under other categories, capital expenses, there were computer expenses that had not been expended this year. Therefore, staff used capital funding as there were cost savings this year in the enterprise account that was used to make up the difference.

Action: *On a motion by Council Member Grzan and seconded by Council Member Sellers, the City Council unanimously (5-0): 1) **Authorized** the Purchase of a Three-Yard Dump Truck Through the State of California General Services Procurement Process for a Total Cost of \$43,819; and 2) **Declared** Vehicles as Surplus and **Authorized** Sale at Auction.*

5. **AMEND RESOLUTION REGARDING TEMPORARY AND SEASONAL EMPLOYEE COMPENSATION**

Council Member Lee noted the staff report indicated that staff reviewed a similar position with the City of Gilroy. She inquired whether staff has the salary range for the City of Gilroy.

Human Resources Director Fisher indicated that she does not have the exact figures for the City of Gilroy. However, the City of Gilroy's salary range for the government access technician was approximately \$16.50 - \$23. She said that it was staff's belief that the range before the Council was the appropriate range for this particular position.

Action: *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council unanimously (5-0), **Adopted** Resolution No. 6070, Amending Resolution No. 6062 Regarding Temporary and Seasonal Employee Compensation.*

Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Agency Member Sellers and seconded by Vice-chair Carr, the Redevelopment Agency Board unanimously (5-0) **Approved** Consent Calendar Item 8 as follows:*

8. **AWARD OF ULTRAVIOLET TREATMENT SYSTEMS PROJECT FOR THE AQUATICS CENTER AND COMMUNITY AND CULTURAL CENTER INTERACTIVE WATER FOUNTAINS**

Action: *1) **Awarded** Contract in the Amount of \$118,861 to Knorr Systems, Inc. to Furnish and Install Two Ultraviolet Treatment Systems; and 2) **Authorized** Expenditure of Construction Contingency Funds not to Exceed \$11,886.*

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Council/Agency Member Sellers and seconded by Mayor Pro Tempore/Vice-chair Carr, the City Council/Agency Board unanimously (5-0) Approved Consent Calendar Item 9 as follows:*

9. **JOINT SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF MAY 18, 2007**

Action: *Approved the Minutes as submitted.*

City Council Action

PUBLIC HEARING:

10. **2007 HAZARDOUS BRUSH PROGRAM COMMENCEMENT REPORT**

Council Services and Records Manager Torrez informed the Council that the City controls the growth of hazardous vegetation under the authority set forth in Chapter 8.20 of the Morgan Hill Municipal Code and in Government Code Sections 39560, and following. The City has a contract with the Santa Clara County Fire Marshal's Office to provide County abatement if the property owner does not maintain the property, as required.

Ms. Torrez stated that on December 20, 2006, the Council adopted a resolution declaring hazardous vegetation to be a nuisance and ordered its removal, and that the Resolution sets this evening as the date to conduct a public hearing on the brush abatement program. As part of the 2007 Hazardous Vegetation Management Program, Santa Clara County Fire Department staff inspected properties in the hazardous hillside areas. She informed the Council that 14 parcels in Morgan Hill have been identified as having, or potentially having a problem with hazardous brush.

Ms. Torrez stated that the County's contractor will commence abatement work during the month of June. Staff plans to return to the Council on July 27, 2007 to present a list of property assessments. She said that the assessments must be submitted to the County Assessor's Office prior to August 10, 2007. Staff recommends the Council open the public hearing and that the Council accepts the 2007 Hazardous Brush Program Commencement Report. She informed the Council that Julie Linney, Sr. Deputy Fire Marshal, was in attendance, should the Council or citizens have any questions.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

Action: *On a motion by Council Member Lee and seconded by Council Member Sellers, the City Council unanimously (5-0) Accepted the 2007 Hazardous Brush Program Commencement Report.*

City Council and Redevelopment Agency Action

PUBLIC HEARINGS:

11. PUBLIC HEARING ON PROPOSED FISCAL YEAR 2007-2008 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET

Finance Director Dilles addressed the City Manager's proposed Fiscal Year 2007-08 budget. He noted that on May 18, the Council conducted an all day budget workshop, and that the Council reviewed the budget in great detail. He presented a cursory overview of the budget; indicating that the Council would have the opportunity to ask questions and the public will have the opportunity to comment on the proposed budget. He stated that the charts to be presented this evening will focus primarily on the general fund; indicating that the entire budget proposed for Fiscal Year 2007-08 is \$141 million. He addressed the discretionary revenues for the general fund, the revenues to which the Council has discretion on how to spend. He stated that public safety (police and fire) represents approximately 80% of the discretionary general fund revenues. He addressed the cumulative change in the use of discretionary revenues from the 2001-02 budget and the proposed 2007-08 budget; indicating that the City is spending \$4.5 million more in next year's proposed budget than was spent in 2001-02. He stated that staff used the 2001-02 budget year because this was the year the City brought on line some of the new recreational facilities. He addressed the net impact/net cost of recreation services to the general fund. Next year, the City will be spending less discretionary dollars on recreation (less than \$1.4 million). He addressed the City's key revenue sources for the general fund (e.g., sales tax, property tax, transient occupancy tax, gas tax), and certain assumptions.

Finance Director Dilles stated that the budget shows an operating margin cost of approximately \$377,000. Should the City combine this number with what it anticipates will be \$212,000 in salary savings, the City would expect to receive \$589,000 next year as the operating margin cost. This number exceeds the goal the Council set at the January 2007 retreat of \$550,000. He informed the Council that staff attached to the staff report the funding requests from the Chamber of Commerce and the Downtown Association that were discussed at the budget workshop. He indicated that staff is not asking the Council to approve the budget this evening as this action will occur on June 13, 2007. Staff recommended the Council conduct a public hearing, ask questions, and provide guidance relating to the Fiscal Year 2007-08 proposed budget.

Mayor/Chairman Tate opened the public hearing.

Theresa Kiernan, Executive Director, Morgan Hill Downtown Association, thanked the Council for its past support, and offered to respond to questions relating to this year's funding request.

Mayor/Chairman Tate indicated that Ms. Kiernan responded, in a letter, to some of the points raised at the budget workshop. He noted that the letter states that the Downtown Association would conduct a projection over several years. It was his understanding that Ms. Kiernan could not provide the projection this evening. He encouraged Ms. Kiernan to look at providing projections going forward so that when she returns for funding next year, the Council can review the long range plan and how it is shaping up.

Ms. Kiernan said that she would like to be able to return with projections moving forward. She said that an events coordinator can track events, and that the Downtown Association can determine the amount of work going into sponsorships, fees, etc., associated with an event, be able to track the information, and project what they can expect 2-3 years out. She stated that the Downtown Association would like to stand on its own feet, financially, better than they have been able to do in the past.

Council/Agency Member Grzan noted that the event coordinator position has been reduced from \$40,000 to \$20,000. He noted the letter indicates that it is expected that the Downtown Association can produce at least 50% of the cost associated with the events coordinator position through additional revenues.

Ms. Kiernan informed the Council that the Downtown Association felt that it would be a much better proposal for the Council to look at a part time position versus a full time position for this current year. She stated that she would like to bring on board an employee who is interested in increasing hours/pay, and has the same passion of supporting the Downtown Association; thus, the reason for the reduction to a half time position.

Council/Agency Member Grzan indicated that he is familiar with the events coordinator position in different areas with salaries at \$80,000-\$90,000 per year. He inquired what the Downtown Association expects to find with a half-time salary of \$20,000.

Ms. Kiernan said that it is their hope to find a well qualified candidate interested in working with the Downtown Association. She indicated that the pay scale is lower in Morgan Hill, and that individuals are willing to take the lower pay because they can work and live in this community. She informed the Council that two individuals have approached her about the position after hearing the “buzz” out there that she may be looking to hire someone. She said that there would be an opportunity for the event coordinator to make this job what they want it to be, as long they put an effort into it.

Dan Ehrler expressed his appreciation to City Manager Tewes and staff, and to the Council for its consideration of the budget on behalf of Laura Brunton, 2007 Chamber of Commerce Chairperson, and the Board of Directors. He stated that he would agree to answer any questions the Council may have.

Sherry Purser thanked the Council for increasing the budget for public safety, but expressed concern that there is no budget allocated for street maintenance and/or road improvements. She noted there are several streets in the City that have potholes. She requested the Council include funding for street maintenance.

City Manager/Executive Director Tewes noted that Finance Director Dilles addressed transfers from the general fund to the street fund; suggesting that in the past, the City had cut this transfer out. He said that staff is recommending that a modest transfer be reinstituted. He stated that the street and road maintenance is recommended to be allocated at \$1.6 million annually, and that there is a capital improvement program in addition to this funding that will provide for the reconstruction and resurfacing of streets, from time to time. He clarified that Finance Director Dilles was focusing on the fact that this budget is relatively flat, and that in order to keep pace with inflation, the City needs to reinstitute a transfer from general tax resources to the street fund. Should a resident notice a pothole, they can

contact the Public Works Department. He indicated that the City conducts periodic pavement maintenance surveys. It is not only about the potholes, but about the ride ability of the streets and their conditions. He said the City needs to preserve streets. Should a lot of cracks and potholes develop, it costs more to replace the street than it would to properly maintain it. Therefore, maintenance is an important issue for the City.

No further comments being offered, the public hearing was closed.

City Manager/Executive Director Tewes indicated that the proposed \$141 million budget includes \$41.5 million worth of capital projects. With the Council's adoption of the budget, staff would begin the design and/or construction of some of the projects. In one instance of concern to members of the public, the City may need to acquire right of way, such as for the extension of Santa Teresa Boulevard. Should the Council adopt the budget next week, staff would begin the acquisition of the necessary right of way for the extension of Hale Avenue to Santa Teresa Boulevard.

Council/Agency Member Grzan inquired as to staff's recommendation/Council's intended action on the requests from the Chamber of Commerce and the Downtown Association.

Mayor/Chairman Tate said that the Chamber of Commerce and Downtown Association's funding requests were discussed at the conclusion of the budget workshop. It was his belief the Council gave staff direction to include the requested funding this year, with a lot of caution. He stated that these agencies should not be expecting automatic funding next year, and following.

City Manager/Executive Director Tewes stated that the City still needs to enter into contracts with the organizations that specify the expected work, various controls, and accountabilities. The money to be set aside will be embodied in subsequent contracts.

Council/Agency Member Sellers stated that it is exciting to be able to see an increase in public safety as this is what everyone has wanted to see happen. He said that public safety has been increased appropriately by means of an assessment of the City's situation, and in figuring out a way to use funds. He was pleased the Council did not just state the City needs additional police officers, only to try and find funding to pay for additional police officers. He reiterated his concern of where funding for public safety is coming from. It was his belief that public safety should be funded from the general fund as the City has a sufficient reserve to be able to maintain a public safety level. He was in support of the concept of the addition of police officers, and will support the budget. However, he felt it was important that these concerns are raised next week as it was his hope that the use of Redevelopment Agency funds for increased police officers will be a short lived pool of money the City is tapping into.

Mayor/Chairman Tate stated that it was his belief the Council understood and shared Council/Agency Member Sellers' concerns. He complimented and thanked Finance Director Dilles, Budget Manager Murray, City Manager Tewes, and the entire City staff for doing an outstanding job in meeting all of the Council's goals in terms of this budget. He said that City staff brought forth a budget that he hoped would be approved by the Council next week.

Action: *The Council/Redevelopment Agency **Discussed** the Fiscal Year 2007-2008 Proposed Budget.*

12. UNITED WAY 2-1-1 PROGRAM FUNDING REQUEST

Kirstin Ruf, 2-1-1 Santa Clara County Manager, presented the Council with an update on the 2-1-1 Santa Clara County Service, and thanked the Council for its contribution as the first city in Santa Clara County to support this program. She indicated that she is responsible for the overall operations of the 2-1-1 call center. She stated that individuals throughout the County can call 2-1-1, a simple three digit number, 24-hours a day, 365 days per year. A major benefit of 2-1-1 is that it is free, easy to remember and that one call connects individuals to thousands of community services; providing assistance in various languages. She said that 2-1-1 has the ability to provide quick and accurate information in times of disasters. As this is a United Way Program, they have several connections with companies and corporations who see 2-1-1 as an incredible benefit to their employees. She informed the Council that it is a goal to have 2-1-1 implemented state-wide, and to provide coverage for all California residents by 2010. Further, that they have incredible cooperative agreements across the region/country. She informed the Council that the 2-1-1 call center has been approved by the California Public Utilities Commission to provide this service. As such, they must have a live call specialist answering 2-1-1 calls 24-hours a day, 7 days a week, and that the service has to be accessible regardless of language or disability. She indicated that this is a free service, and that calls are anonymous and confidential.

Ms. Ruf addressed measurements and the different standards they are looking at. She said that they have an extremely extensive data base that is used to track referral services, needs of callers, and the calls coming in. She informed the Council that they have an interactive website, and that they will be launching services on line. She indicated that they have servers in Sacramento, Fremont, and San Jose with the call center being located in Ventura County. This was done to ensure that in any disaster situation, 2-1-1 Santa Clara County will be up and running for individuals to use.

Ms. Ruf stated that since the 2-1-1 call center was launched on February 9, 2007, they have received over 4,191 calls; 65 calls coming from Morgan Hill. She informed the Council that the number one service request has been for rent payment assistance; followed by utility bill payment assistance, and emergency/homeless shelter assistance. She said that most of the calls come from San Jose; followed by Santa Clara. She indicated that they are tracking the calls by city and zip code in order to provide an assessment of where the calls originate, the types of assistance being requested, and how they were able to refer the requests. She stated that individuals have found out about the 2-1-1 call center through agencies and friends/families.

Ms. Ruf presented a certificate to the City of Morgan Hill for being a Legacy Donor that helped launch the 2-1-1 service in Santa Clara County. She thanked the Council for being a supporter, and for being the first city to step up and support 2-1-1 in Santa Clara County.

Council/Agency Member Sellers stated that the 2-1-1 program was a bit of a leap for the Council last year. He said that it was exciting to see this service come together. He noted that the Council has to determine the appropriate funding level, and the direct connection to this community. He was pleased the City would be able to receive data that is being tracked. He said that the Council has limited funding

resources from Community Block Grants. He felt that it would be easy to fund this program based on proportionality in terms of the number of calls received or population. He said that it appears that Morgan Hill has 1.5% of the total calls. He inquired whether the cities that have not contributed will be participating/funding the program.

Ms. Ruf said that they designed their funding requests based on the population of the various cities. She indicated that 2-1-1 is a private/public partnership. They approached corporations as well as counties and cities. The funding requests were based on the different entities and their populations. She noted that Morgan Hill is being asked for \$5,000 in funding, based on population, and that they will be adhering to tiers. She informed the Council that they will be able to provide detailed information from the 2-1-1 data base for the various cities. This information can be monitored in order to assess the number of calls coming in. She stated that call volumes are expected to triple in the next year or two. She said that 2-1-1 is averaging approximately 40-50 calls per day; anticipating this number to go above 100 calls per day. She requested the City's assistance in helping to spread the word about 2-1-1, and that she would welcome the opportunity to promote their services. She would be willing to share call information from other cities with City staff.

Council/Agency Member Grzan noted that Morgan Hill contributed \$3,700 last year; however, the City of Gilroy only contributed \$2,500 and the City of Cupertino only \$2,000. He noted that these cities are larger than Morgan Hill and have a larger call volume. He gets the sense that the City of Morgan Hill is carrying other cities with its contribution. He inquired if there were any efforts, on Ms. Ruf's part, to get cities to pay on a population basis.

In response to Council/Agency Member Grzan's question, Ms. Ruf said that she would not be approaching these cities to contribute based on population as they are still looking at the population tier to determine the funding requests. She noted that 2-1-1 went live 3.5 months ago, and that they do not have a year's worth of data to demonstrate the number of calls received from the various cities. She is working with all of the cities in the County to request funding from those who did not fund the launch of 2-1-1, and to request an increase in funding from those who assisted with funding to launch the program. She stated that they have had success with television and radio stations to promote the 2-1-1 call center.

Mayor/Chairman Tate opened the floor to public comment. No comments were offered.

Mayor/Chairman Tate stated that he supported funding to help launch the 2-1-1 call center last year, and that he was in favor of continuing the City's support. He said that the City does not have an appropriate budget category for funding other than CDGB funds; noting that the window for CDBG funding is over this year. If the City is to continue this program, he recommended the Council look at CDBG funding in the future. He further recommended that \$5,000 be appropriated from the Community Promotions budget in order to maximize the possibility for success, with the understanding that the Council will be asking for the results of phone calls coming in; particularly from Morgan Hill.

Ms. Ruf indicated that she would be able to provide the Council with a list of the audiences they are reaching such as working families, low income individuals, etc., who may not know where to turn to for resources. She informed the Council that 2-1-1 receives calls from individuals who want to volunteer, donate items, and/or money. They see the 2-1-1 call center for individuals who do not know where to start.

Council/Agency Member Grzan recommended that Ms. Ruf return to the Council with success stories as this information would help bolster support for the work that 2-1-1 does.

Mayor Pro Tempore/Vice-chair Carr felt that it would be helpful to have Ms. Ruf return in six months to a year to present a report on the types of calls 2-1-1 is getting from Morgan Hill. This would be helpful information for the Council to know as it thinks about where the CDBG dollars should go in terms of the non profit services the City is trying to develop. He felt that United Way, in the 2-1-1 call center, can provide for the needs of the community, and that the Council can review where CDBG funds should be allocated.

Council/Agency Member Sellers noted the City has a very limited amount of CDBG funds. It was his hope that the 2-1-1 program is as effective as it is today. Should the Council decide to reduce other non profit agencies' funding by a slight level in order to use CDBG funds to maintain the 2-1-1 call center, it may result in the City increasing the agency's client base while reducing its funding source. He felt the Council needs to keep this mind. He said that it may be that the Council could identify a different budget line item for 2-1-1 in future years. He felt that the funding request/amount is warranted and that it would be appropriate to fund.

Action: *On a motion by Council Member Grzan and seconded by Council Member Sellers, the City Council unanimously (5-0) agreed to **Fund** United Way's 2-1-1 Call Center in the amount of \$5,000 for Fiscal Year 2007-08 from the Community Promotions budget.*

City Council Action

PUBLIC HEARING:

13. APPLICATION ZA-07-06: TEXT AMENDMENT – RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) STANDARDS AND CRITERIA - Ordinance No. 1839, New Series

Planning Manager Rowe presented the staff report on the proposed text amendments to the RDCS standards and criteria; fine tuning the criteria as a result of the lessons learned from the Fiscal Year 2005-06 competition for downtown allotments. He informed the Council that significant changes were made to the scoring criteria in 2005 to accommodate the type of development desired in the downtown; higher density mixed use. He noted that the standards and criteria originally drafted were for conventional single family tract homes. In applying the new changes to the criteria, it was found that there was a need to make adjustments such as in the building coverage calculations. He presented the Council with an overview of the significant changes that are being recommended by the RDCS Subcommittee to 13 of the 14 evaluation categories. He informed the Council that a working group and the RDCS Subcommittee were in agreement to the proposed changes, and referred a recommendation to the Planning Commission. The Planning Commission agreed to forward a recommendation of approval of the changes, with some minor changes. He informed the Council that Planning Commissioner Mueller agreed with all changes except the change associated with the Parks & Paths criteria. The proposed changes would create the opportunity for projects of up to 50 units to pay into a park in-lieu

fund instead of providing open space on site. He indicated that Commissioner Mueller noted that the City has not built a lot of parks lately, and that small parks, privately maintained, are a means to supplement/augment what the City provides.

Council Member Sellers referred to page 168 - alternative energy sources. While he felt the recommended changes to this criteria were laudable, he inquired whether there were other actions the Council could take to encourage developers to include alternative energy sources. He noted that there has not been an abundance of solar electrical panels being provided in the last few years although the opportunities to provide them have been there. He inquired as to what the City can do to further encourage alternative energy sources. He understands that providing alternative energy sources speaks to the affordability of the units, but felt the City could further encourage alternative energy sources to be adopted.

Planning Manager Rowe indicated that at the Planning Commission meeting, it was pointed out that the installation of energy efficiency features would add approximately \$30,000 to the cost of constructing a home. Developers believe the City needs to make these points more valuable. To address this suggestion, the Commission doubled the points assigned to encourage a developer to commit to alternative energy sources. He felt that it may be possible to go beyond this, later this year, when the Council holds its joint study session with the Planning Commission.

Mayor Tate felt that the Council will need to discuss what topics will be addressed at the joint City Council/Planning Commission workshop, and how it will fit in with the action to be taken this evening.

Council Member Grzan referred to page 123 where it talks about changing the building coverage definition to allow for podium level courtyards. He inquired as to the definition of a podium level courtyard.

Planning Manager Rowe stated that you would have a parking lot with some ground level commercial space associated with a vertical mixed use. Residential units would be developed above the ground floor and may have an open area below the living space where the parking area is situated. He clarified that a podium level courtyard is constructed in order to expand the ground level parking. He indicated that providing ground level parking results in higher construction costs, and that some of the downtown projects are seeking higher density. He said that a developer may be able to create a courtyard space on the second level that is open to the sky, and that there is no opening below at the ground level where the parking garage is located. Under the old definition, the City would count building coverage as including all the area that is covered by the podium. He said that this may result in 80%-90% of the site being covered by a podium. When you look at this, the building coverage may only be 60% when you look at how much of the project site is open to the sky. He noted that the lower the building coverage, the more points awarded. Last year, the Planning Commission felt there should be partial credit given for having a courtyard space that is open to the sun and air (open space area). Therefore, the criteria was revised to give this open space acknowledgement. He said that it is the goal to encourage higher density product(s) in the downtown, and that this building coverage criteria only applies to downtown development. It is felt that the proposed criteria change would benefit projects equally in the downtown. He indicated that in-lieu fees would increase the fees coming into the parks funds, and that the implementation of the fees would need to be a separate action before the Council. He clarified that a project could still provide a

park within the development. However, paying an in-lieu fee would avoid a burden on the residents, via a homeowners association, in order to maintain a small common area. This recommendation is being made in order to place more emphasis on public parks instead of the smaller, privately maintained common areas that are not accessible to individuals who do not reside within the development. He indicated that the proposed criteria amendment is not a major change; noting that the current criteria allows for payment of park in-lieu fees for projects up to 24-units. The proposed amendment would allow payment of park in-lieu fees for projects up to 50-units.

Mayor Tate said that it was his understanding that the idea of having a homeowners association for a small development would require payment for the operators, board insurance, etc. (payment of all the overheads). He noted that state law has gotten onerous on what needs to be reported and how homeowners associations have to be funded each year. He felt that this would be a large expense when you divide the fees required per house in a smaller development. He did not believe the fees would be as onerous with a larger development. Further, the Parks & Recreation Commission would like the City to move toward the development of a regional park(s) that is maintained by the City and accessible to the community; relieving the homeowners association requirement. This would result in a better park system for the City.

Council Member Grzan supported having a common area that would give a sense of open space among a group of clustered buildings. He noted a housing development on Santa Teresa and Watsonville Road that has little front yard space; yet, the homes abut themselves in a clustered type area. Within this area, there is a wonderful core of open space that includes a number of recreational amenities. He said that without this open space and amenities, the development would be tight and the streets narrow; giving a sense of claustrophobia. He did not believe the project would be a viable project without the open space.

Planning Manager Rowe said that in order to provide open space, the units would get squeezed in together on small lots. Without the requirement of an open space/common area, the same number of units would be spread out over the entire property, and the common open space would be integrated/apportioned into larger lot sizes.

Mayor Pro Tempore Carr referred to the Schools Category. He noted that the School District raised their fees and that in response to this, the Planning Commission is recommending that the City lower the per point cost. He inquired whether the City would be offsetting the criteria - not benefiting the School District.

Planning Manager Rowe said that the funds would go into an account the City controls to fund improvements that would establish safe walking routes to school. He said that the proposed criteria change would ensure that developers contribute the same dollar amount. The point value was increased from 3 points to 4 points. If a developer wants to achieve 4 points, a developer would still need to pay \$1,100. He clarified that the sum would end up being the same because there is an extra point to pursue to attain four points. He informed the Council that the School District found this proposed amendment to be acceptable.

Mayor Pro Tempore Carr noted that the City talks about safety and traffic improvements when it comes to the schools closest to the development. He inquired as to what would happen if these improvements were of the highest priority to the School District. It could be that a higher priority is a safety concern with a school that is greater than ¾ miles away from a development. He inquired whether there was a way to shift the points based on priority, or does there need to be a nexus.

Planning Manager Rowe said that in addition to increasing the points from 3 to 4, two points can be awarded for improvements that are in proximity to a school. The other two points can be awarded for improvements that apply to a greater area.

Mayor Tate referred to the Natural & Environmental category – Energy Conservation Measure. He noted that should a project serve 50% of the homes with a 50% energy savings, a point can be attained. If a project serves 100% of the homes with energy savings, the project can achieve 2 points. He inquired why there is not more granularity on the percentage of savings. Why is there not more of a spread such as 25% energy savings receives ½ point; 50% energy savings receives 1 point; 75% energy savings attains 2 points, etc. He felt that this section would be enhanced by including differentiations.

Planning Manager Rowe said that this is an area Planning Commission Davenport had an interest in, and that he might be able to elaborate on this. The subcommittee and Planning Commission wanted to have a recommendation going to the Council that involved outgoing Planning Commissioner Lyle. It was not certain as to how many new commissioners would be appointed to the Planning Commission this year. The Commission/staff did not believe it would be fair to the new commissioners to have to digest all the information and forward a recommendation to the Council. Thus, the target completion date of May 2007 was created to bring forth recommended changes to the Council. Had the subcommittee and the Commission had more time, they would have discussed this criteria further. He felt this to be an area that can be addressed as part of the fall joint Council/Planning Commission workshop.

Mayor Tate opened the public hearing.

Ralph Lyle, member of the RDSC subcommittee, felt that there were major themes that applied across categories and that these themes tended to make changes in multiple categories: 1) usability issue – making sure the City has units that are usable to individuals in wheelchairs; 2) de-emphases of private parks and open space for smaller development (noting that the developer has the option of providing a private park or paying park in-lieu fees); 3) encouraging developers to provide well sources for the city or to encourage use of gray water and less grass areas in order to reduce water usage; and 4) energy efficiencies. He agreed that more work could be done with regard to energy efficiencies. He felt that a developer was able to attain 1 point in this category, and can now receive 4 points for this as a result of a Measure C change. He felt that the additional points may engender more being done in terms of energy efficiencies.

No further comments being offered, the public hearing was closed.

In response to Council Member Grzan's question, Planning Manager Rowe said that the trend is to build two-story homes as opposed to single-story homes as it is more cost effective to do so. He said that some years ago, credit was given to projects that provided up to 15% single-story units.

Council Member Grzan did not believe the senior population was in need of two-story homes, and that if the City had a community full of two-story homes, the City may make it difficult for the elderly citizens to reside in the community. He said that he would like to see additional incentives be provided for including/developing single family homes, and a greater balance of single and two-story homes in order to better serve our population.

Planning Manager Rowe stated that the current criteria states that at least three housing plans are needed in order to attain 7 points, and that single story homes must represent 15% of the total units being proposed. He said that the Council could look at requiring a higher percentage of single-story units. However, the higher the percentage, the less likely a developer would choose the single-story home as a housing type option as they would choose to build one of the others listed in order to garnish the maximum points under the category. He informed the Council that there is always a percentage of the homes in current projects that are single-story homes.

Council Member Sellers felt that the senior population is less than 15%.

Planning Manager Rowe said that it could be possible for the Council to reserve a certain percentage of the new homes to be built for senior citizens, and that the homes be designed accordingly. The Council could request the Planning Commission consider a certain percentage of set-asides for senior housing as part of the 2007-08 competition.

Council Member Sellers stated that he appreciated the addition of usability for seniors. He indicated that he tries to run through different neighborhoods and that he could not get through the park of a development because he was not a resident of that neighborhood. He felt that the proposed changes would broaden park opportunities; noting that the Council has expressed a desire to acquire land for parks. The purchase of land would be important to the individual project(s) and to the community. He felt that there would be a lot of different opportunities to tie this to maximize points. He also felt that there were opportunities to look at the relationship of affordability and energy efficiencies.

Action: *Council Member Sellers made a motion, seconded by Mayor Pro Tempore Carr, to **Waive** the Reading in Full of Ordinance No. 1839, New Series.*

Council Member Grzan expressed concern with the lack of park space. He noted that Planning Commissioner Mueller points to the fact that the City has not met the master plan numbers in terms of park per square footage, per residence. He felt the City needs to make sure it provides adequate park space for its citizens. Should the City wait until homes are built, and other areas/uses are developed, it would be harder for the City to purchase/combine lots in order to build parks. The longer the City waits to purchase land; their costs will rise; doing its residents a disservice in this regard. Should the City eliminate smaller parks, he recommended the City start investing in larger parks; putting money aside at this time. He recommended the Council have further discussions on how it will set aside parks and open space for the community; not only on the outskirts of the community, but within the urban area.

Mayor Tate noted that the Council established a goal in January 2007 that stipulated that “By fall 2007, the City Manager will schedule a joint workshop of the City Council and the Planning Commission to consider Measure C policies and criteria which should include, as a minimum, policies relating to

inclusion of BMRs in market rate projects; policies that would encourage green buildings and lower annual operating costs for homeowners, and policies on developer commitments to meet City goals.” He did not believe the City would be holding a competition this year, but that he has been reminded that the City would be having a Measure F, higher density competition. It was his belief that the joint workshop would be the time the Council would put intense efforts on energy conservation items. He said that the City Manager has indicated that the Council could approve the amendments this evening, and that the Council would have the opportunity to review items in the fall. He felt the Council still needs to have discussions as to what work needs to be done in order to get ready for the workshop. He inquired whether the Council wants to request the Planning Commission continue its work, and/or request the Utilities & Environment Committee to assist with identifying items to be discussed at a workshop in the fall. He noted that the City of San Jose declared today that it would reduce emissions by 2020.

Council Member Sellers felt that one of the most valuable items the City needs to try to keep up with is the incredible amount of energy that is going into this issue. He noted that the City of San Jose has staff resources to improve energy efficiencies through solar energy, or other means. He recommended the Council ask staff and the Planning Commission to assess energy efficiencies. He said that he could identify 3-4 items other cities are doing that the City of Morgan Hill can adopt. He indicated that the City of Morgan Hill has a unique opportunity to do more than other cities because of the City’s RDCS, in the way that it has skewed the supply and demand for housing. He recommended using these efforts as a starting point.

Mayor Pro Tempore Carr agreed that this is a topic the Council spent a lot of time discussing at the retreat. He noted that the Council has already tasked the Utilities & Environment Committee to come up with an environmental agenda. He indicated that the Committee has been discussing whether changes are to be made. It was his belief the Committee is to return to the Council with an agenda, and that this may work into the next step of holding a workshop. He said that the RDCS standards and criteria could be ways to implement part of the agenda. He informed the Council that the Committee would be returning to the Council, as it moves through the process, to make sure they are heading in the right direction as this is an area the City has not spent much time on in the past. He was not sure that it was necessary for the subcommittee to do any more work until the Council challenges them to take the next step. He said that the Committee would continue its work on the environmental agenda in order to prepare for the fall workshop.

Council Member Grzan concurred that the Utilities & Environment Committee is looking at an environmental agenda that will need to be incorporated into this document in some fashion, or encouraged in some way. He inquired how the Committee’s environmental agenda or ideas for a healthy city can be included into the standards and criteria.

Mayor Tate felt that the environmental agenda and/or ideas for a healthy city can be brought back to the fall workshop. He stated that the Council can adopt the proposed amendments this evening, but that this does not mean the Council needs to stop changing the RDCS standards and criteria. He said that it was his belief that the RDCS standards and criteria needs to be in place at the beginning of the competition; noting that an RDCS competition will not be held this year.

Vote: *The motion carried unanimously (5-0).*

Action: *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council **Introduced** Ordinance No. 1839, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING ARTICLE II, THE STANDARDS AND CRITERIA AND PROCEDURES OF THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM AS SET FORTH IN CHAPTER 18.78 OF THE MORGAN HILL MUNICIPAL CODE** by the following roll call vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

City Council Action

OTHER BUSINESS:

14. STATE LAW MANDATED ORDINANCE DESCRIBING THE MORGAN HILL REDEVELOPMENT AGENCY'S NON-PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN – Ordinance No. 1840, New Series

Business Assistance and Housing Services Director Toy noted that State law requires cities with a redevelopment plan to adopt an ordinance that governs the agency's power of eminent domain to acquire property. He informed the Council that State law does not provide exceptions to adopt an ordinance. He clarified that the ordinance does not give the Council eminent domain authority, and that the only way the Council would have the power of eminent domain would be to amend the Plan. He informed the Council that State law requires the City to have an ordinance in place by July 2007; thus, the non program ordinance before the Council.

Mayor Tate opened the floor to public comment. No comments were offered.

Action: *On a motion by Mayor Pro Tempore Carr and seconded by Council Member Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1840, New Series.*

Action: *On a motion by Mayor Pro Tempore Carr and seconded by Council Member Sellers, the City Council **Introduced** Ordinance No. 1840, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, DESCRIBING THE MORGAN HILL REDEVELOPMENT AGENCY'S PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN** by the following roll call vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

15. CIVIC CENTER MASTER PLAN AND CONSULTANT AGREEMENT FOR NEW DEVELOPMENT SERVICE CENTER

City Manager Tewes informed the Council that it will be the City's intention to turn over the keys to the new library building to the County library system so that they can begin moving in. He stated that a public ceremony for the grand opening of the new library will take place in July 2007.

Senior Project Manager Dumas informed the Council that Noll & Tam Architects was commissioned to develop a master plan for future City Hall needs. This firm interviewed department directors and key staff members to project the civic center office needs for the next 20 years. He stated that from these discussions came the assumptions that City Hall would require a total of 35,000 square feet over the next 20 years. He indicated that four master plans were presented to the Council in July 2001. Of the options presented, the Council preferred option 3. He addressed the Council's preferred option. He informed the Council that staff has broken this project into 3 phases: 1) build out of the interior of the "development service center"; 2) master plan the parking, adding additional parking in front of City Hall and the development service center; and 3) facade renovations to the existing buildings, and the future renovations of City Hall to better utilize some captured space when different departments vacate the building. He informed the Council that there is a \$1.5 million construction budget to build out the interior of the development service center; \$440,000 has been budgeted for professional services; \$250,000 for fixtures, furniture and equipment; and \$90,000 for CIP administration. Phases 2 and 3 are planned for Fiscal Year 2010-2011 as a \$3.1 million project. He stated that the funding sources are from public facilities, non AB1600 public facilities fund, and water and sewer impact funds.

Mr. Dumas indicated that staff received four proposals of qualifications from architectural firms, and that staff narrowed its selection to the two more qualified firms. Staff interviewed these two firms; recommending RMW from San Jose to design the development service center based on their qualifications, experience, and their proposed fees. Staff recommends deferring any additional master planning and facade improvements until fiscal year 2010-11. He stated that phase 1 is a 13-month schedule for design and construction.

City Manager Tewes informed the Council that unlike most other services, architectural and engineering services cannot be awarded on a competitive bid basis per law. Therefore, the city goes through a two step process: 1) a request for qualifications, identifying the firms staff would like to talk to; opening a second envelop that contains their proposed costs, and 2) staff negotiates from there.

Mr. Dumas indicated that phases 2 and 3 could be completed together if there was funding available to construct them.

Council Member Sellers inquired whether there would be a significant increase in efficiencies within the organization that could be had by moving forward with phases 2 and 3. Should the Council decide to move forward with these phases, are there any options for funding? He noted that it was stated the City would save a tremendous amount of money by being able to move forward with all phases, and would reduce years of disruptions should the master plan be developed.

Mr. Dumas said that it was his belief there are some inefficiencies in the existing city hall. With the Community Development Department moving out of city hall, a large part of the public will not be coming to this building. He stated that there is a lot of counter space that could be captured for another use; possibly remodeling/moving the Council Chambers as well. He noted that there are funds to master plan City Hall, but no funding to build it.

City Manager Tewes referred to page 15 of the Capital Improvement Program budget where it is indicated that phase II is identified in Fiscal Year 2010-2011 with a budget of \$3.1 million. He indicated that the funding source is the civic center certificate of participation bond; borrowed money. He said that individuals will lend the City money if it agrees to pay it back. He noted the City does not have an identified source to pay back a loan. He said that all of the enterprise and special revenue funds that come forward to pay rent are moving out of City Hall to the development service center. Therefore, departments will be paying for their upgrades at the development service center. It will be general fund staff members who will be left behind at City Hall, and that he has not been able to identify the resources to move forward with phases 2 and 3. He acknowledged that there would be savings if the City had a modern HVAC system; however, there would not be \$300,000 worth of savings that would be required to amortize \$3 million worth of bonds.

Mayor Tate opened the floor to public comment. No comments were offered.

Action: *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council unanimously (5-0) **Authorized** the City Manager to Execute the Professional Services Agreement in the Amount of \$316,360 for Development Service Center Interior Design with a \$40,000 Contingency, Subject to Review and Approval by the City Attorney.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

Council Member Grzan said that the Utilities & Environment Committee reviewed the letter from City of San Jose Mayor Chuck Reed regarding their monitoring of equipment at the Calpine plant. He said that it is the recommendation of this Committee that this item be brought back to the Council for future discussion.

Council Member Lee inquired about the City-School Liaison Committee meeting(s).

City Council Action

CLOSED SESSIONS:

City Attorney Kern announced the below listed closed session item.

1.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Authority Government Code 54957

Public Employee Performance Evaluation: City Attorney

Attendees: City Attorney
City Council, City Attorney

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Tate opened the Closed Session item to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Tate adjourned the meeting to Closed Session at 9:17 p.m.

RECONVENE

Mayor Tate reconvened the meeting at 10:30 p.m.

CLOSED SESSION ANNOUNCEMENT

Mayor Tate announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business, Mayor/Chairman Tate adjourned the meeting at 10:31 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY